



Patrick W. Henning, Director



Arnold Schwarzenegger  
Governor

July 29, 2008  
22M:367:SC:8085:8086

Ms. Dorothy Chen, Administrator  
Alameda County Workforce Investment Board  
24100 Amador Street, 6<sup>th</sup> Floor  
Hayward, CA 94544-1203

Dear Ms. Chen:

WORKFORCE INVESTMENT ACT  
FISCAL AND PROCUREMENT REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Alameda County Workforce Investment Board (ACWIB) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Ms. Stacy Corrales from May 5, 2008 through May 8, 2008. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, and contract terms and agreements and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by ACWIB with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2007-08.

We collected the information for this report through interviews with representatives of ACWIB, a review of applicable policies and procedures, and a review of documentation retained by ACWIB for a sample of expenditures and procurements for PY 2007-08.

We received your response to our draft report on July 24, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed finding 2 cited in the draft report, no further action is required at this time. However, this issue will remain open until we verify the implementation of your stated corrective action plan (CAP) during a future onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 80134.

## **BACKGROUND**

The ACWIB was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, ACWIB was allocated: \$1,486,514 to serve 283 adult participants; \$1,589,485 to serve 233 youth participants; and \$2,147,607 to serve 352 dislocated worker participants.

For the quarter ending March 31, 2008, ACWIB reported the following expenditures and enrollments for its WIA programs: \$866,858 to serve 298 adult participants; \$1,262,032 to serve 210 youth participants; and \$1,367,362 to serve 497 dislocated worker participants.

## **FISCAL REVIEW RESULTS**

While we concluded that, overall, ACWIB is meeting applicable WIA requirements concerning financial management, we noted an instance of noncompliance in the area of audit resolution. The finding that we identified in this area and ACWIB's resolution to this finding is specified below.

## **FINDING 1**

**Requirement:** OMB Circular A-133, Subpart B, Section 200 states, in part, that Non-Federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year. Further, Subpart B, Section .235 (c)(1) states, in part, that the audit report shall be submitted within the earlier of 30 days after receipt, or nine months after the end of the audit period. Additionally, Subpart D, Section 400 (d)(4) states, in part, that pass-through entities must ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.

**Observation:** We observed that ACWIB did not receive single audits from its subrecipients. Specifically, ACWIB did not receive one of 11 single

audits for PY 2006-07 that were due by March 31, 2008 and no follow-up activity had been performed. Subsequent to the onsite review, ACWIB staff emailed an updated copy of its audit control log on May 9, 2008, indicating that the audit was received on that date.

We consider this issue resolved.

## **PROCUREMENT REVIEW RESULTS**

While we concluded that, overall, ACWIB is meeting applicable WIA requirements concerning procurement, we noted an instance of noncompliance in the area of procurement. The finding that we identified in this area, our recommendation, and ACWIB's proposed resolution of the finding is specified below.

### **FINDING 2**

**Requirement:** 29 CFR Section 97.36(f)(1) states, in part, that a cost or price analysis must be performed in connection with every procurement transaction.

WIAD00-2 states, in part, that each procurement must be documented. Acceptable documentation for small purchases includes sales receipts, current catalogs with price lists, or formal quotes.

**Observation:** The ACWIB purchased Rapid Response "Starting Over" booklets for \$1,662.50. However, ACWIB obtained only one price quote and did not complete a cost or price analysis.

**Recommendation:** We recommended that ACWIB provide the Compliance Review Division with a CAP stating how it will ensure, in the future, that either multiple quotes are obtained, or a cost or price analysis is conducted with every procurement transaction.

**ACWIB Response:** The ACWIB stated that its Rapid Response staff continually assess the value and applicability of the "Starting Over" booklets, and other such publications, including the costs associated with such choices, and the results have consistently demonstrated the cost effectiveness of the "Starting Over" booklets. However, this consistency resulted in ACWIB's failure to ensure that required documentation was in its procurement files. An email was sent to ACWIB staff on July 23, 2008 reminding them to follow all required

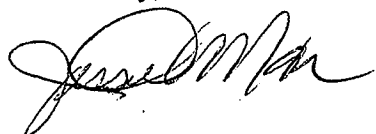
procurement procedures. Also, ACWIB will address the procurement process with staff in an August, 2008, weekly staff meeting, and the documentation required for procurement actions, as stated in ACWIB's procurement policy. Finally, ACWIB Fiscal staff will review all procurements for complete documentation, and hold procurement requests until all required documentation is received.

**State Conclusion:** The ACWIB's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, ACWIB's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80134.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is ACWIB's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain ACWIB's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Stacy Corrales at (916) 653-6123.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", written in a cursive style.

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Division

cc: Shelly Green, MIC 45  
Jose Luis Marquez, MIC 50  
Dathan O. Moore, MIC 50  
Linda Palmquist, MIC 50